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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND,

APPLICATION OF

THE POTOMAC EDISON COMPANY

CASE NO. PUE980055

To revise its cogeneration tariff pursuant to PURPA § 210

ORDER ESTABLISHING COGENERATION PROCEEDING

On January 23, 1998, The Potomac Edison Company ("Potomac Edison") d/b/a Allegheny Power ("AP" or "Company") filed with the Commission an application, written testimony and exhibits to support its 1998 proposal to modify its cogeneration rates. The Company proposes to eliminate capacity payments and increase monthly customer connection charges in the Company's cogeneration rate tariff (Schedule CO-G). The Company does not propose changes in the presently authorized energy rates or established fuel mixes at this time.

THE COMMISSION, having reviewed the filed documents, is of the opinion that the application should be docketed and that a procedural schedule should be established. Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUE980055.

- (2) Pursuant to Rule 7:1 of the Commission's Rules of Practice and Procedure ("Rules"), a Hearing Examiner is appointed to conduct all further proceedings in this matter.
- (3) A public hearing before a Hearing Examiner shall be held on Thursday, July 23, 1998, commencing at 10:00 a.m. in the Commission's Courtroom on the Second Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia for the purpose of receiving evidence relevant to the Company's application.
- (4) Potomac Edison shall forthwith provide copies of this Order, its application and prefiled testimony to any existing cogenerator in the Company's service territory and to any small power production or cogeneration developer who has contacted Potomac Edison within the last year expressing an interest in developing a project in Virginia.
- (5) Potomac Edison shall forthwith make copies of its application and prefiled testimony available for public inspection during regular business hours at all of the Company's offices in Virginia where customer bills may be paid.
- (6) On or before May 14, 1998, any person desiring to participate as a Protestant, as defined in Rule 4:6, shall file with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, an original and twenty (20) copies of a Notice of Protest as provided in Rule 5:16(a) and shall serve a copy upon counsel for the Company (service upon Potomac Edison shall be directed to Philip J. Bray, Esquire, The

Potomac Edison Company, 10435 Downsville Pike, Hagerstown, Maryland 21740-1766).

- (7) On or before June 11, 1998, each Protestant shall file an original and twenty (20) copies of a Protest and of the prepared testimony and exhibits the Protestant intends to present at the hearing and serve two (2) copies of each upon Potomac Edison and other Protestants.
- (8) On or before June 25, 1998, the Commission Staff shall investigate the reasonableness of Potomac Edison's application and shall file testimony with the Clerk sending a copy to Potomac Edison and each Protestant.
- (9) On or before July 9, 1998, Potomac Edison shall file with the Commission an original and twenty (20) copies of all testimony it expects to introduce in rebuttal to the direct prefiled testimony of both Staff and Protestants. A copy of the prefiled rebuttal testimony shall be sent to all Protestants by Potomac Edison.
- (10) On or before April 16, 1998, Potomac Edison shall cause a copy of the following notice to be published as display advertising (not classified) in newspapers of general circulation throughout its service territory:

NOTICE TO THE PUBLIC OF COGENERATION PROCEEDING FOR THE POTOMAC EDISON COMPANY CASE NO. PUE980055

On January 23, 1998, The Potomac Edison Company ("Potomac Edison") d/b/a Allegheny Power ("AP" or "Company") filed with the Commission an application, written testimony and exhibits to support its 1998 proposal to modify its cogeneration rates. The Company proposes to eliminate capacity payments and increase monthly customer connection charges in the Company's cogeneration rate tariff (Schedule CO-G). The Company does not propose changes in the presently authorized energy rates or established fuel mixes at this time.

The Commission has scheduled a public hearing to commence at 10:00 a.m., on Thursday, July 23, 1998, in the Commission's Second Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia, for the purpose of receiving evidence related to the Company's application.

Any interested person (public witness) desiring to make a statement at the hearing should appear in the Commission's Courtroom at 9:45 a.m. on the hearing date and identify himself or herself to the bailiff.

All testimony, exhibits, and other data filed by Potomac Edison will be available for public inspection at all of the Company's offices in Virginia where bills may be paid, and at the Commission's Document Control Center, First Floor, Tyler Building, Richmond, Virginia.

On or before May 14, 1998, persons desiring to participate as Protestants, as defined in Rule 4:6 of the Commission's Rules of Practice and Procedure ("Rules") to present evidence and cross-examine witnesses, shall file an original and twenty (20) copies of a Notice of Protest, as described in S.C.C. Rule 5:16(a), with the Clerk of the Commission and serve a copy upon Potomac Edison. Service upon Potomac Edison shall be directed to Philip J. Bray, Esquire, The Potomac Edison Company, 10435 Downsville Pike, Hagerstown, Maryland 21704.

On or before June 11, 1998, each Protestant shall file an original and twenty (20) copies of a Protest (S.C.C. Rule 5:16(b)) and an original and twenty (20) copies of the prepared testimony and exhibits Protestant intends to present at the public hearing, and serve two (2) copies each upon Potomac Edison and each Protestant.

All written communications to the Commission regarding this proceeding shall identify Case No. PUE980055 and be directed to William J. Bridge, Clerk, State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218.

THE POTOMAC EDISON COMPANY

(11) On or before April 23, 1998, Potomac Edison shall provide proof of service and notice as required in this Order.